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A-95, June 10, 1952.

SUBJECT: FCN Treaty. Informal discussions. Embassy despatch 13, May 6, enclosure No. 5.

ARTICLE XVI, screen quotas. The Department is willing to accept in principle the Japanese proposal for a screen quota reservation, but prefers a formula that avoids specific reference to the GATT. The Department offers the following formulation, which may be carried in the Protocol as suggested:

"Notwithstanding the national treatment provisions of Article XVI, paragraph 1, a Party may maintain screen quota regulations that require the exhibition of cinematograph films of national origin during a specified minimum portion of the screen time actually utilized by exhibitors for the commercial exhibition of all films. Screen quotas shall be computed on the basis of screen time per theatre per year or the equivalent thereof, and shall be subject to consultation."

In view of the fact that the Protocol already includes another proposed provision for the "3-bis" slot, the foregoing may be temporarily identified as "3-ter."

This wording is adapted from Article IV, clauses (a) and (d), of the GATT (taken in conjunction with Article III, paragraph 10, thereof), with such adjustments as appear necessary and proper for treaty purposes. Material parallelizing clause (b) of the GATT provision is omitted as redundant, inasmuch as the clear implication of the treaty would be that screen quotas would be allowable only for films of national origin. The Department infers that there is no occasion for material parallelizing clause (c) of the GATT provision.

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